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No. 06-1155

In the Supreme Court of the United States

ZOLTEK CORPORATION, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

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QUESTIONS PRESENTED

The Court of Federal Claims has jurisdiction over claims for compensation by patent owners whose inventions have been "used or manufactured by or for the United States without license of the owner." 28 U.S.C. 1498(a). That provision does not apply, however, to "any claim arising in a foreign country." 28 U.S.C. 1498(c). The questions presented are:

1. Whether Section 1498 confers jurisdiction in the Court of Federal Claims over a claim that the United States infringed a method patent when some or all of the steps of the method were practiced abroad.

2. Whether the Tucker Act vests the Court of Federal Claims with jurisdiction over patent infringement claims against the United States that are recharacterized as "takings" claims under the Fifth Amendment.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A1-A68) is reported at 442 F.3d 1345. The opinions of the Court of Federal Claims (Pet. App. B1-B19, C1-C41) are reported at 51 Fed. Cl. 829 and 58 Fed. Cl. 688.

JURISDICTION

The judgment of the court of appeals was entered on March 31, 2006. A petition for rehearing was denied on September 1, 2006 (Pet. App. D1-D2). On November 6, 2006, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including January 19, 2007. On December 22, 2006, the Chief Justice further extended the time to February 18, 2007, and the petition was filed on February 20, 2007 (a Tuesday

following a holiday). The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner alleges that the United States infringed its United States Reissue Patent No. 34,162, which "claims certain methods of manufacturing carbon fiber sheets with controlled surface electrical resistivity." Pet. App. A2. The claimed methods generally describe partially carbonizing fibers and manufacturing the treated fibers into mats or sheets. See *id.* at A2-A4.

Petitioner claims that the United States, through its contractor Lockheed Martin Corporation, used the patented methods to produce two silicon carbide fiber products used in the manufacture of the F-22 aircraft. Pet. App. A5. Neither fiber product was produced by practicing each step of the patented methods within the United States. *Id.* at A4-A5. Rather, the Nicalon fibers were manufactured and made into sheets in Japan, and the Tyranno fibers were manufactured in Japan and made into mats in the United States. *Ibid.*[1]

2. Petitioner sued the United States in the Court of Federal Claims, alleging that Lockheed Martin engaged in the unauthorized use of petitioner's patented methods. Pet. App. A5. Petitioner relied on Section 1498(a), which provides:

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[1] Because no carbon fiber products were used in the F-22, petitioner bases its claims on the doctrine of equivalents, arguing that the silicon carbide fibers used in the F-22 are equivalent to the carbon fibers covered by the patented method and that the pyrolization process used to make the fibers is the equivalent of the "partial carbonization" steps claimed in the patent. The United States contests the application of the doctrine of equivalents. Because of the procedural posture of this case, however, the lower courts did not reach that issue or the government's other defenses.

> Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

28 U.S.C. 1498(a). The United States moved for partial summary judgment because 28 U.S.C. 1498(c) bars suit on "any claim arising in a foreign country," and the accused methods were practiced, in part, in Japan. Pet. App. A5.

The Court of Federal Claims agreed with the United States that it lacked jurisdiction under Section 1498. Pet. App. B1-B19. The trial court pointed out that Congress added Section 1498(c) to Section 1498 in 1960, "after the State Department opined that 28 U.S.C. § 1498 could be interpreted by the courts as subjecting the United States to suit for infringement committed abroad." *Id.* at B11. At that time, the statute governing infringement actions against private parties—35 U.S.C. 271(a)—expressly limited infringement to acts occurring "within the United States." See Pet. App. B11-B12. The Court of Federal Claims reasoned that Congress enacted Section 1498(c) to prevent the courts from extending "patent infringement liability against the government beyond the scope to which private parties were subject at that time." *Id.* at B12.

The Court of Federal Claims nonetheless asserted jurisdiction under the Tucker Act by recasting petitioner's infringement claim as a claim for a taking of prop-

erty under the Fifth Amendment. Pet. App. C1-C41. Under the Tucker Act, the Court of Federal Claims has "jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress * * * for * * * damages in cases not sounding in tort." 28 U.S.C. 1491. The Court of Federal Claims acknowledged that "the U.S. Supreme Court had held in [*Schillinger* v. *United States*, 155 U.S. 163, 169 (1894)], that the Court of Claims did not have jurisdiction over patent infringements because such actions sounded in tort and were thus not within the Tucker Act." Pet. App. C27. The court also noted that *Schillinger* rejected the argument that the Tucker Act conferred jurisdiction over claims that the government's patent infringement effected a taking. *Id.* at C28.

The Court of Federal Claims determined, however, that *Crozier* v. *Fried. Krupp Aktiengesellschaft*, 224 U.S. 290 (1912), "effectively overruled *Schillinger* sub silentio" by substituting an eminent domain "theory" of patent infringement for *Schillinger*'s holding that patent infringement actions against the United States sound in tort. Pet. App. C30. Based on that reasoning, the trial court concluded that Section 1498 "is—today—unnecessary." *Id.* at C31. Instead, in the court's view, "acts of the U.S. government that between private parties would be patent infringement [are] eminent domain takings," and accordingly, "all such acts would be encompassed in the Tucker Act jurisdiction of the now U.S. Court of Federal Claims." *Ibid.*

The Court of Federal Claims certified two questions for interlocutory review under 28 U.S.C. 1292(d): "whether or not [Section] 1498(c) bars Plaintiff's claim" under Section 1498; and "[t]he issue of this Court's juris-

diction under the Fifth Amendment." Orders (Feb. 20, 2004).

3. The court of appeals granted the petition for interlocutory review, and held that the Court of Federal Claims lacked jurisdiction under either Section 1498 or the Tucker Act. Pet. App. A1-A12.

a. The court of appeals, by a per curiam decision, affirmed the trial court's holding that Section 1498 does not authorize suit against the United States unless every step of a patented method is practiced in the United States. Pet. App. A5-A7. The court recognized that because Section 1498 waives the United States' sovereign immunity from suit for patent infringement, a "patentee's judicial recourse against the federal government, or its contractors, for patent infringement, is set forth and limited by the terms of 28 U.S.C. § 1498." *Id.* at A6.

The court of appeals explained that it had previously interpreted Section 1498 as providing a basis for government liability only when the government's allegedly infringing acts would have amounted to direct infringement under 35 U.S.C. 271(a), the patent infringement statute for private parties. Pet. App. A6. The court had previously interpreted Section 271(a), in turn, as imposing liability for infringement of a method or process patent only when every step of the patented method or process is practiced within the United States. *Ibid.* "Consequently," the court concluded, "where, as here, not all steps of a patented process have been performed in the United States, government liability does not exist pursuant to [S]ection 1498(a)." *Id.* at A6-A7.

The court of appeals reversed the trial court's holding that it had Tucker Act jurisdiction over petitioner's infringement claims. Pet. App. A7-A12. The court relied on this Court's decision in *Schillinger*, which "re-

jected an argument that a patentee could sue the government for patent infringement as a Fifth Amendment taking under the Tucker Act." *Id.* at A7. The court of appeals rejected the trial court's "contention that [the Court's subsequent decision in] *Crozier* somehow overruled *Schillinger*," explaining that none of the "relevant *Schillinger* issues were joined" in *Crozier*, because *Crozier* "was not filed in the Court of Claims, had nothing to do with the Tucker Act, did not allege a taking, and was solely in equity." *Id.* at A8. Having concluded that the Court of Federal Claims lacked jurisdiction under the Tucker Act to consider petitioner's claims, the court of appeals determined that the "trial court's remaining conjectures on takings jurisprudence do not require consideration." *Id.* at A10.

b. Judges Gajarsa and Dyk filed concurring opinions explaining their views on the Section 1498 issue. Pet. App. A12-A37, A38-A42. In Judge Dyk's view, "the purpose of [S]ection 1498(a) was to make the United States and its contractors liable for 'use' of a patented invention that would in similar circumstances constitute direct infringement by a private party." *Id.* at A38. Thus, "Congress could not have intended to confer broader rights against the United States than against private parties." *Ibid.* In response to the dissent's "discourse on takings jurisprudence," Judge Dyk noted that even if *Schillinger* were overruled, there would be "no basis for a Fifth Amendment takings claim in this case," because property rights in patents are "creatures of federal statute," and thus do not exceed the rights provided by federal statute. *Id.* at A42.

Judge Gajarsa relied on Section 1498(c) rather than Section 1498(a), and reasoned that a claim arises in a foreign country under that provision if any step of a pa-

tented method is practiced outside of the United States. Pet. App. A21. Judge Gajarsa declined to consider whether "a patent is a type of property to which Fifth Amendment protections apply," because "it is the responsibility of Congress, and of Congress alone to decide whether, and to what extent, it will permit the courts to help it fulfill its Constitutional obligations under the Takings Clause." *Id.* at A35-A36.

c. Judge Plager dissented. Pet. App. A42-A68. He asserted that "when the Government has allegedly benefitted from infringing conduct by its contractors or subcontractors, and when fairness decrees that the Government be held responsible for its wrongs—the fundamental principle underlying [Section] 1498(a)—then the fact that one or another step of a process occurred outside the United States should not alone immunize the Government from liability" under Section 1498(c). *Id.* at A63. Judge Plager further concluded that the Tucker Act provides jurisdiction over petitioner's claim, *id.* at A55, and he proceeded to discuss the merits of the takings issue, see *id.* at A65-A67.

4. The court of appeals denied rehearing en banc, over Judge Newman's dissent. Pet. App. D1-D9.

ARGUMENT

The court of appeals held that Section 1498 does not authorize an action against the United States for the allegedly unauthorized use of a patented method when at least one of the steps of the patented process was practiced abroad. Pet. App. A6-A7. Following *Schillinger* v. *United States*, 155 U.S. 163 (1894), the court further held that the Tucker Act does not confer jurisdiction over an action against the United States for patent infringement, even when that action is framed as a

takings claim under the Fifth Amendment. Pet. App. A7. Those statutory holdings are correct, in accord with prior law, and do not warrant further review.

Petitioner also asks (Pet. i, 17-23) this Court to decide whether acts by the government or its contractors that would be patent infringement if performed by a private party constitute the taking of property under the Fifth Amendment. That constitutional question was not certified for interlocutory review and was not decided by the court of appeals. Pet. App. A10. This Court should not decide it in the first instance. In any event, because patent rights are created exclusively by federal law, the limits that Congress places on the patent rights that it has created do not "take" any property protected by the Just Compensation Clause. That is particularly true when it comes to Congress's limits on patent infringement actions against the United States.

1. The court of appeals correctly held that the Court of Federal Claims lacks jurisdiction under 28 U.S.C. 1498 over a claim that the United States has infringed a method patent when, as here, one or more steps of the patented method were practiced abroad. See Pet. App. A6-A7.

a. One of the bedrock principles of federal patent law is that the "patent system makes no claim to extraterritorial effect." *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518, 531 (1972); accord *Brown* v. *Duchesne*, 60 U.S. (19 How.) 183, 195 (1856). Indeed, the presumption against extraterritoriality "applies with particular force in patent law." *Microsoft Corp.* v. *AT&T Corp.*, No. 05-1056 (Apr. 30, 2007), slip op. 15.

When Section 1498(c) was enacted in 1960, that principle had already led courts to hold that private parties were not liable for infringing a process patent when one

or more of the steps was performed outside of the United States. The Second Circuit had held as early as 1935 that a patent holder had no action for infringement of a combination patent when the elements of the combination were manufactured in the United States and then exported for assembly and sale abroad. *Radio Corp. of Am.* v. *Andrea*, 79 F.2d 626, 628. Expressly endorsing the reasoning of *Andrea*, this Court later confirmed that a patent is not infringed when any limitation of the asserted claim is practiced beyond the borders of the United States. *Deepsouth*, 406 U.S. at 528-529.

Section 1498 must be construed in light of that backdrop. As this Court has explained, courts must be "faithful to the contemporary legal context in which the [statute] was drafted." *Dunn* v. *CFTC*, 519 U.S. 465, 478 (1997) (internal quotation marks omitted). Section 1498(a) confers a "remedy" in the Court of Federal Claims when a patented invention is "used or manufactured by or for the United States." 28 U.S.C. 1498(a). In order to ensure that Section 1498(a) would not be construed to render the United States liable in circumstances where private parties would not be, Congress later enacted Section 1498(c), which states that Section 1498's provisions "shall not apply to any claim arising in a foreign country." 28 U.S.C. 1498(c). In context, therefore, Section 1498(c) was intended to exclude claims that could not be asserted against a private party because the alleged infringement occurred in whole or in part abroad. As Judge Dyk noted, in enacting and amending Section 1498, "Congress could not have in-

tended to confer broader rights against the United States than against private parties." Pet. App. A38.[2]

b. Petitioner suggests no reasonable alternative interpretation that would give meaning to Section 1498(c). Instead, petitioner argues (Pet. 25) that Section 1498(a) "is broad enough to include any infringement under any subsection of [35 U.S.C.] § 271," which establishes standards of infringement liability for private parties broader than the standard established by Section 1498. Specifically, in 1988—well after the enactment of Section 1498(c)—Congress amended Section 271 to expand it by including a prohibition against "import[ing] into the United States or offer[ing] to sell, sell[ing], or us[ing] within the United States a product which is made by a process patented in the United States." Process Patent Amendment Act of 1988, Pub. L. No. 100-418, § 9003, 102 Stat. 1563 (35 U.S.C. 271(g)).

Contrary to petitioner's apparent view, however, Section 1498 does not extend to every act of possible infringement under Section 271, including the subsequently enacted Section 271(g). For example, Section 1498(a) provides a remedy only when a product is "used or manufactured by or for the United States," whereas Section 271(a) imposes liability upon "whoever without authority makes, uses, offers to sell, or sells any pat-

[2] Under Section 1498(c), a claim arises in a foreign country if any act necessary to give rise to liability occurs in that country. A patent infringement claim arises in a foreign country when any step of a claimed method is practiced in that country because, as Judge Gajarsa explained, "it is well-settled, as a matter of patent law, that an infringing use of a patented method requires practicing every step claimed in the method." Pet. App. A23. As discussed in the text, petitioner's contrary approach would deprive Section 1498(c) of practical effect, and would mean that Congress subjected the United States to greater liability than private parties.

ented invention, within the United States." Section 271(g) likewise extends beyond use or manufacture by prohibiting "import[ing] into the United States or offer[ing] to sell, sell[ing], or us[ing] within the United States a product which is made by a process patented in the United States."

The courts have taken account of the substantial differences between 35 U.S.C. 271 and 28 U.S.C. 1498. See, *e.g.*, *Decca Ltd.* v. *United States*, 640 F.2d 1156, 1167 & n.15 (Ct. Cl. 1980) (holding that Section 1498 does not waive sovereign immunity for contributory infringement or for inducing infringement by others), cert. denied, 454 U.S. 819 (1981); *Leesona Corp.* v. *United States*, 599 F.2d 958, 969 (Ct. Cl.) (holding that Section 1498(a) does not require the Government, unlike private parties, to pay compensation for "willful infringement"), cert. denied, 444 U.S. 991 (1979).[3]

The bottom line is that Congress has chosen to provide a broader basis for liability of private parties under Section 271 than for the United States under Section 1498. As the trial court emphasized, the courts must respect Congress's choice when it "has amended one

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[3] Petitioner reads (Pet. 25) a single sentence from this Court's decision in *Richmond Screw Anchor Co.* v. *United States*, 275 U.S. 331 (1928), to hold that liability against the government under Section 1498 is identical to patent liability between private parties. That reading is mistaken. *Richmond Screw* "presume[s] that Congress in the passage of [Section 1498(a)] intended to secure to the owner of the patent the exact equivalent of what it was taking away from him." *Id.* at 345. But *Richmond Screw* preceded Congress's enactment of Section 271(g), and therefore had no occasion to address the issue in this case. Instead, the holding of *Richmond Screw* was that a statute requiring particular procedures to be followed in the assignment of claims against the United States did not apply to certain claims for patent infringement. *Id.* at 346.

statute and failed to amend another section of the statute or a related statute," here by amending Section 271 without making corresponding changes to Section 1498. Pet. App. B17-B18.

c. As the court of appeals explained, any doubt is resolved by the fact that Section 1498 is a waiver of sovereign immunity. Pet. App. A6. Such a waiver must "be strictly construed, in terms of its scope, in favor of the sovereign." *Department of the Army* v. *Blue Fox, Inc.*, 525 U.S. 255, 261 (1999). As an explicit limitation upon the waiver of immunity, Section 1498(c) must likewise be applied strictly to avoid enlarging the waiver beyond the scope intended by Congress. See *Irwin* v. *Department of Veterans Affairs*, 498 U.S. 89, 94 (1990). And so construed, Section 1498 does not confer jurisdiction over extraterritorial claims that were not recognized at the time of either its original enactment or its amendment, by Section 1498(c), to exclude such claims.[4]

2. The court of appeals also held correctly that the jurisdiction of the Court of Federal Claims under the Tucker Act does not extend to petitioner's patent infringement claim, whether or not that claim is recharacterized as a takings claim. Pet. App. A7-A12. That holding is dictated by *Schillinger*, which held that the Tucker Act does not confer jurisdiction over a claim that the United States used a patented invention without authorization, even when that claim is framed as a Fifth Amendment takings claim. 155 U.S. at 168.

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[4] Whether Section 1498 is viewed as conferring jurisdiction on the Court of Federal Claims, creating a right of action against the United States, imposing substantive liability on the United States, or all of the above, the statute must be strictly construed because it waives the United States' sovereign immunity.

a. The petition purports (Pet. 20) to distinguish *Schillinger* on a new theory that was neither pressed nor passed upon in either the trial court or the court of appeals—that petitioner's infringement claim, unlike the claim in *Schillinger*, is founded on an implied contract with the United States. Under the Tucker Act, "[t]he United States Court of Federal Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress * * * for * * * damages in cases not sounding in tort." 28 U.S.C. 1491(a)(1). *Schillinger* determined that patent infringement claims fall outside of the Tucker Act because they sound in tort. 155 U.S. at 168-169.

Petitioner's contention (Pet. 20, 26-27) that its claim is founded on implied contract rather than tort falters on the fact that the government has not entered into any kind of contractual relationship with petitioner that would distinguish this case from other patent infringement actions against the government, including *Schillinger*. If the government entered into a license agreement with a patent holder and breached that agreement, the patent holder's action could be contractual. But that is not the case here.

Instead, petitioner argues (Pet. 20) that simply by authorizing Lockheed Martin to use the allegedly infringing methods, the government entered into an implied contract. That is incorrect. Under Section 1498, the United States' authorization and consent to a contractor's use of a patented invention preclude the United States from requiring the contractor to defend the suit. But that does not create a contractual relationship between the United States and the patent-holder. Cf. *Schillinger*, 155 U.S. at 169 (holding that patent in-

fringement action sounded in tort, not contract, because the parties were "in continued antagonism to each other").

Indeed, Section 1498(a) applies only when a patent is "used or manufactured by or for the United States *without license*." 28 U.S.C. 1498(a) (emphasis added). Thus, the text of Section 1498(a) refutes petitioner's contention that the statute imposes liability on an implied-contract theory. That is one reason why this Court long ago rejected the argument that Section 1498 creates an implied license. *William Cramp & Sons Ship & Engine Bldg. Co.* v. *International Curtis Marine Turbine Co.*, 246 U.S. 28, 41 (1918).

Moreover, petitioner's argument overlooks Section 1498(c), and deprives it of effect. Petitioner essentially argues that Section 1498 converted patent infringement claims against the government from tort to implied contract claims, and thus gave rise to Tucker Act jurisdiction. But in asserting Tucker Act jurisdiction based in part on Section 1498, petitioner ignores Section 1498(c), under which an infringement claim that arose abroad—regardless of whether it is based on an implied contract, tort, or any other theory—may not be brought under Section 1498. Petitioner cannot reasonably rely on Section 1498 without accepting the express limit of Section 1498(c).

b. Petitioner discusses the Tucker Act arguments it actually presented to the court of appeals only in passing. Petitioner argues (Pet. 27) that if Section 1498 provides the exclusive source of jurisdiction for patent infringement suits against the United States, it amounts to an implied repeal of the Tucker Act. That argument falters on *Schillinger*'s holding that patent infringement actions against the United States are *not* within the

scope of the Tucker Act—a holding that preceded Section 1498. Far from withdrawing Tucker Act jurisdiction, therefore, Section 1498 "adds" to the court of claims' jurisdiction. *Crozier* v. *Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 304 (1912).

Moreover, when Congress enacts narrow legislation tailored to a particular type of claim, that statutory remedy is generally exclusive, even if relief might otherwise be available under a more general and earlier-enacted statute. See, *e.g.*, *EC Term of Years Trust* v. *United States*, No. 05-1541 (Apr. 30, 2007), slip op. 4-6; *Preiser* v. *Rodriguez*, 411 U.S. 475, 489 (1973). As the court of appeals observed, petitioner's argument would "render superfluous [Section] 1498—the remedy that Congress fashioned specifically to compensate patentees for the use of their patents by the federal government." Pet. App. A11-A12. And it would thereby undo the specific limitations that Congress placed upon the waiver of sovereign immunity when it enacted Section 1498(c). Cf. *EC Term of Years*, slip op. 5.[5]

Petitioner also suggests (Pet. 22) that "*Schillinger* was effectively superseded by this Court's decision in *Crozier*." The court of appeals correctly rejected that contention, pointing out that "[n]one of the relevant *Schillinger* issues were joined" in *Crozier*, because "*Crozier* was not filed in the Court of Claims, had nothing to do with the Tucker Act, did not allege a taking, and was solely in equity." Pet. App. A8. Instead, *Crozier* held

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[5] Petitioner's reliance (Pet. 27) on *Ruckelshaus* v. *Monsanto Co.*, 467 U.S. 986 (1984), is misplaced. *Ruckelshaus* held that a specific remedial scheme did not displace the Tucker Act because in that context—unlike this one—there would have been an implied repeal of existing Tucker Act jurisdiction, and the two remedial schemes could be read to work in harmony. *Id.* at 1017-1019.

that a plaintiff was not entitled to a permanent injunction against the United States' use of a patented invention because Section 1498(a) provided an appropriate remedy. 224 U.S. at 307-308. In doing so, as the court of appeals noted, *Crozier* accepted *Schillinger*'s holding as the starting point for construing the Tucker Act. See Pet. App. A8; *Crozier*, 224 U.S. at 304.

Petitioner's reliance (Pet. 21) on *Jacobs* v. *United States*, 290 U.S. 13 (1933), is equally unavailing. *Jacobs* involved an alleged partial taking of real property, not patent rights. This Court reversed the court of appeals' holding that the plaintiff could not recover interest because the suit was allegedly based on contract, rather than on the Fifth Amendment. *Id.* at 15-16. That holding is fully consistent with *Schillinger*'s holding that patent infringement claims generally sound in tort, and are therefore excluded by the Tucker Act's express exclusion of tort (but not contract) claims.

Petitioner alternatively suggests (Pet. 22) that *Schillinger* should be overruled. Stare decisis concerns are, however, at their pinnacle here. "Considerations of *stare decisis* have special force in the area of statutory interpretation, for here, unlike in the context of constitutional interpretation, the legislative power is implicated, and Congress remains free to alter what we have done." *Patterson* v. *McLean Credit Union*, 491 U.S. 164, 172-173 (1989). In the more than 100 years since this Court decided *Schillinger*, Congress has responded, not by amending the Tucker Act, but by enacting a more calibrated remedy in Section 1498(a), which Congress later clarified or limited by enacting Section 1498(c). That congressional reliance on *Schillinger*'s long-established statutory interpretation weighs heavily, if not

conclusively, against overruling *Schillinger* at this late date.

Moreover, petitioner's argument for overruling *Schillinger* is essentially that a Fifth Amendment right must have a judicial remedy. See Pet. 21-22. As discussed below, there was no taking here. But even if there were, the existence of a taking would not require a *judicial* remedy. Otherwise, there would be no sovereign immunity from suit. Thus, before Congress enacted the Tucker Act, the courts generally lacked jurisdiction to consider takings claims, and for more than a century those claims were instead presented to, and considered by, Congress. As this Court explained, "the only remedy against the United States, until Congress enlarges the jurisdiction of [the courts], would be to apply to Congress itself." *James* v. *Campbell*, 104 U.S. 356, 359 (1881); see Pet. App. A36 n.14 (Gajarsa, J., concurring). Because the Constitution does not require a judicial remedy for an alleged taking, petitioner has not identified a compelling reason to revisit *Schillinger*'s interpretation of the Tucker Act at this late date. If Congress determines that an additional judicial remedy is warranted (other than the one conferred by Section 1498), it remains free to create one, or to amend the Tucker Act to overrule *Schillinger*.[6]

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[6] Petitioner errs in asserting (Pet. 18) that this Court has rejected a sovereign immunity defense to patent infringement actions outside the bounds recognized by *Schillinger* and Section 1498. Indeed, petitioner relies (Pet. 18) on cases that pre-date both *Schillinger* and Section 1498. In both *Cammeyer* v. *Newton*, 94 U.S. 225 (1876), and *James*, *supra*, plaintiffs sued government officers. *Cammemeyer* held that public employment is not a defense, but did not discuss the jurisdictional basis for suit, 94 U.S. at 234-235; *James* subsequently expressed grave doubts about jurisdiction, but declined to resolve the question, 104 U.S. at 358-359. As discussed, *Schillinger* and Section 1498 later addressed and

3. The first question presented in the petition—whether the United States' use of a patented invention could amount to a Fifth Amendment taking (Pet. i)—is not well presented in this case, and, in any event, does not warrant review.

a. The court of appeals did not hold, as petitioner claims (Pet. 17), that "patent rights are not subject to the Fifth Amendment." No question about the merits of petitioner's potential takings claim was certified to the court of appeals for interlocutory review, and no such question was decided by that court. Instead, the certified questions are: "[t]he issue of whether or not § 1498(c) bars Plaintiff's claim" under Section 1498; and "[t]he issue of this Court's *jurisdiction* under the Fifth Amendment." 2/20/2004 Orders (emphasis added). Whether the trial court had jurisdiction over petitioner's takings claim under the Tucker Act, and whether that claim is meritorious, are different questions. Accordingly, the court of appeals noted that, in light of its disposition of the jurisdictional questions, the "trial court's remaining conjectures on takings jurisprudence do not require consideration." Pet. App. A10.

This Court is "generally chary of deciding important constitutional questions not reached by a lower court." *Schall* v. *Martin*, 467 U.S. 253, 293 n.18 (1984). There is

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resolved the jurisdictional issue. This Court's decision in *Consolidated Fruit-Jar Co.* v. *Wright*, 94 U.S. 92 (1876) (cited at Pet. 18), which also pre-dates *Schillinger* and Section 1498, is even less relevant, because it concerns a suit between private parties, and thus presents no potential Fifth Amendment claim. Federal Circuit cases cited by petitioner (Pet. 19) correctly recognize that the judicial remedy for any infringement by the government is "prescribed" by Section 1498. *Hughes Aircraft Co.* v. *United States*, 86 F.3d 1566, 1571 (1996), vacated on other grounds, 520 U.S. 1183 (1997); see *Leesona*, 559 F.2d at 967.

no reason to depart from the Court's ordinary practice in this case.

b. In any event, by arguing that patents confer property rights (*e.g.*, Pet. 18-19), petitioner begs the question whether it has been deprived of a property right. Patent rights are creatures of federal statute, and are not unlimited; instead, they are carefully delimited by Congress. See, *e.g.*, 35 U.S.C. 271 (defining the acts that constitute infringement). Thus, even assuming that some actions by the government would be deemed to constitute the taking of property rights in patents, that does not mean that all conduct by the government concerning patented inventions would amount to a taking. Significantly, the government issued the patent at issue here in 1993, after all of the relevant statutes had been enacted. See Pet. App. A2. Thus, the relevant statutes do not *deprive* petitioner of any rights; instead, they help to *define* the scope of the patent rights the federal government conferred on the patent applicant in 1993. See Pet. App. A10-A11.[7]

As discussed, moreover, petitioner seeks to take advantage of Section 271(g)'s extraterritorial expansion of patent rights, beyond the traditional bounds of such rights, and beyond the rights spelled out in Sections 1498(a) and 1498(c). Congress hardly "took" property by limiting that *expansion* of the traditional patent right

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[7] In part because the alleged property rights at issue are the product solely of federal statutory law, this case is distinguishable from *Monsanto*, *supra*. In *Monsanto*, the alleged deprivation concerned property rights created by *state* law, namely, the state law of trade secrets. See 467 U.S. at 1001 ("Monsanto asserts that the * * * data it has submitted to EPA are property under Missouri law."); *id.* at 1003 ("intangible property rights protected by state law" are protected by the Just Compensation Clause).

in Section 1498. Those issues were not, however, developed in, or resolved by, the court of appeals.

4. The petition (Pet. 14-17) overstates the potential practical significance of the court of appeals' ruling. Very few cases have interpreted Section 1498(c), and this appears to be the first case in which a plaintiff has argued that Section 1498 is inadequate to compensate for an infringement that would be actionable if the United States were a private party. Cf. Pet. App. A43 (Plager, J., dissenting) ("[T]his issue has never been addressed directly by this or any other court."). Considering the virtual dearth of litigation over statutory provisions that have, for the most part, been in effect for decades, it is unlikely that the court of appeals' decision will prove to have exceptional importance, notwithstanding petitioner's speculation to the contrary. Furthermore, to the extent that entities such as petitioner or its amici are displeased with the substantive or extraterritorial limits on patent infringement actions against the United States, the proper body to address those concerns is Congress, not this Court.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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